

Notes to Appendix 3

Personal Income Tax Liability by Adjusted Gross Income

For taxable year 2003, California residents filed a total of 13,624,349 personal income tax returns. Appendix 3 groups taxpayers by range of Adjusted Gross Income (AGI) reported and provides comparisons based upon number of returns filed within each group, total tax liabilities for each group, and percentages, both independent and cumulative, for the collective activity for each group.

Examples for the use of Appendix 3 follow:

- (1) Almost 74% of all returns filed in California for taxable year 2003 reflect AGI less than \$60,000 and account for 9.6% of the total tax liability of all California residents that filed tax returns for 2003.
- (2) The top 5% of all taxpayers filing returns in California for taxable year 2003 reflect AGI of \$150,000 or more and account for 61% of the total tax liability of all California residents that filed tax returns for 2003.
- (3) The top 0.6% of all taxpayers filing returns in California for taxable year 2003 reflect AGI of \$500,000 or more and account for 33% of the total tax liability of all California residents that filed tax returns for 2003.
- (4) The top 0.2% of all taxpayers filing returns in California for taxable year 2003 reflect AGI of \$1,000,000 or more and account for 11.6% of total AGI reported by, and 24.1% of the total tax liability of, all California residents that filed tax returns for 2003. Taxpayers in this range reported cumulative AGI of almost 89 billion, cumulative taxable income of more than \$83 billion, and total tax liabilities of more than \$7 billion.